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STATE OF IOWA  
LEGISLATIVE FISCAL BUREAU  
MEMORANDUM

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TO: Economic Development Appropriations Subcommittee

FROM: Dwayne Ferguson and Alice Wisner

DATE: February 6, 2001

RE: Follow-up Questions

Attached is the Department of Economic Development's response to questions asked during the presentation on January 23.

Response to January 23, 2001 e-mail regarding: Questions from the Technology presentation:

Questions: #2: In regard to DED programs discussed, how many apply compared to how many receive awards?

It is not the Departments goal to solicit applications to be denied. Departmental staff provide technical assistance to both communities and businesses regarding financial assistance programming. Business proposals unlikely to be approved for funding because of eligibility requirements, uncommitted outside financing, etc. are discouraged from applying until the deficiencies are addressed if that is possible. As a result, a large majority of applications received are approved for funding because of this up-front technical assistance. This approach is pro-active and fosters a valuable working relationship with our clients.

Below is a chart detailing the number of applications received and approved for Fiscal Years '99, '00, and year to date of FY '01.

Applications Received	Applications Approved
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**Self-Employment Loan Program (SELP)**

FY '99	47	15 (31%)
FY '00	36	13 (36%)
FY '01	11	6 (55%) YTD

**Targeted Small Business Financial Assistance Program (TSBFAP)**

FY '99	133	48 (36%)
FY '00	140	42 (30%)
FY '01	100	26 (26%) YTD

**Community Economic Betterment Account (CEBA) Traditional Program and Venture Component**

		Traditional Approvals	CEBA (%)	CEBA Venture Approvals
FY '99	42	34	(88%)	3
FY '00	66	44	(89%)	15
FY '01	37	22	(70%) YTD	4

**Entrepreneurial Ventures Assistance (EVA)**

FY '98	11
FY '99	11
FY '00	15
FY '01	7 (YTD)

(Between inception of the EVA program in FY '98 and FY '01 (YDT) 12 projects have been denied.)

Question #3: Provide information on the programs discussed showing sales volume, wages, new jobs created/retained and other result measures.

Following is a summary of average hourly wages and number of jobs created and retained from inception of the CEBA program (May 1986) to date (January 2001).

Jobs Pledged:	54,180
Jobs Attained:	42,007
% Attachment:	78%
Pledged Cost Per Job	\$1,903

The number of jobs pledged includes year FY '99, FY '00, and FY '01. These projects have yet to reach their project closeout dates. Since CEBA projects have three years to reach their job attainment goals, projects approved in FY '99 have another year in which to reach their job attainment goals and projects approved in FY '00 and FY '01 have another two to three years. Historically the CEBA Program job creation percentage has been 96.01%.

Performance measures for the Self-Employment Loan Program and the Targeted Small Business Financial Assistance Program include the number of businesses still in operation after two years. Of the thirty-five projects funded through the Self-Employment Loan Program during FY '99, FY '00 and FY '01, twenty-five (71%) are still in business. Of the one hundred sixteen projects funded through the Targeted Small Business Financial Assistance Program during the same period, one hundred three (89%) are still in business.

Question #4: Provide a breakdown of the types of awards and a report on the number and percentage of loans forgiven.

#### Community Economic Betterment Account (CEBA)

	Loans	Forgivable	Loans
FY '99	3 3	30	(Of the 34 Awards, 29 were combination FL/L)
FY '00	42	37	(Of the 44 Awards, 35 were combination FL/L)
FY '01	2 1	17	(Of the 21 Awards, 17 were combination FL/L)

Since none of the projects approved during the last three fiscal years have reached their job completion date, none of the forgivable loan portion of the awards has been forgiven. However, historically over 96% of the jobs pledged have been created and approximately 85% of the forgivable loans have been forgiven.

#### Targeted Small Business Financial Assistance Program

	Loans	Grants	
FY '99	27	12	(Of the 48 total awards, 9 were a GIL combination)
FY '00	17	20	(Of the 42 total awards, 5 were a G/L combination)
FY '01	10	14	(Of the 26 total awards to date, 2 were a GIL combination)